

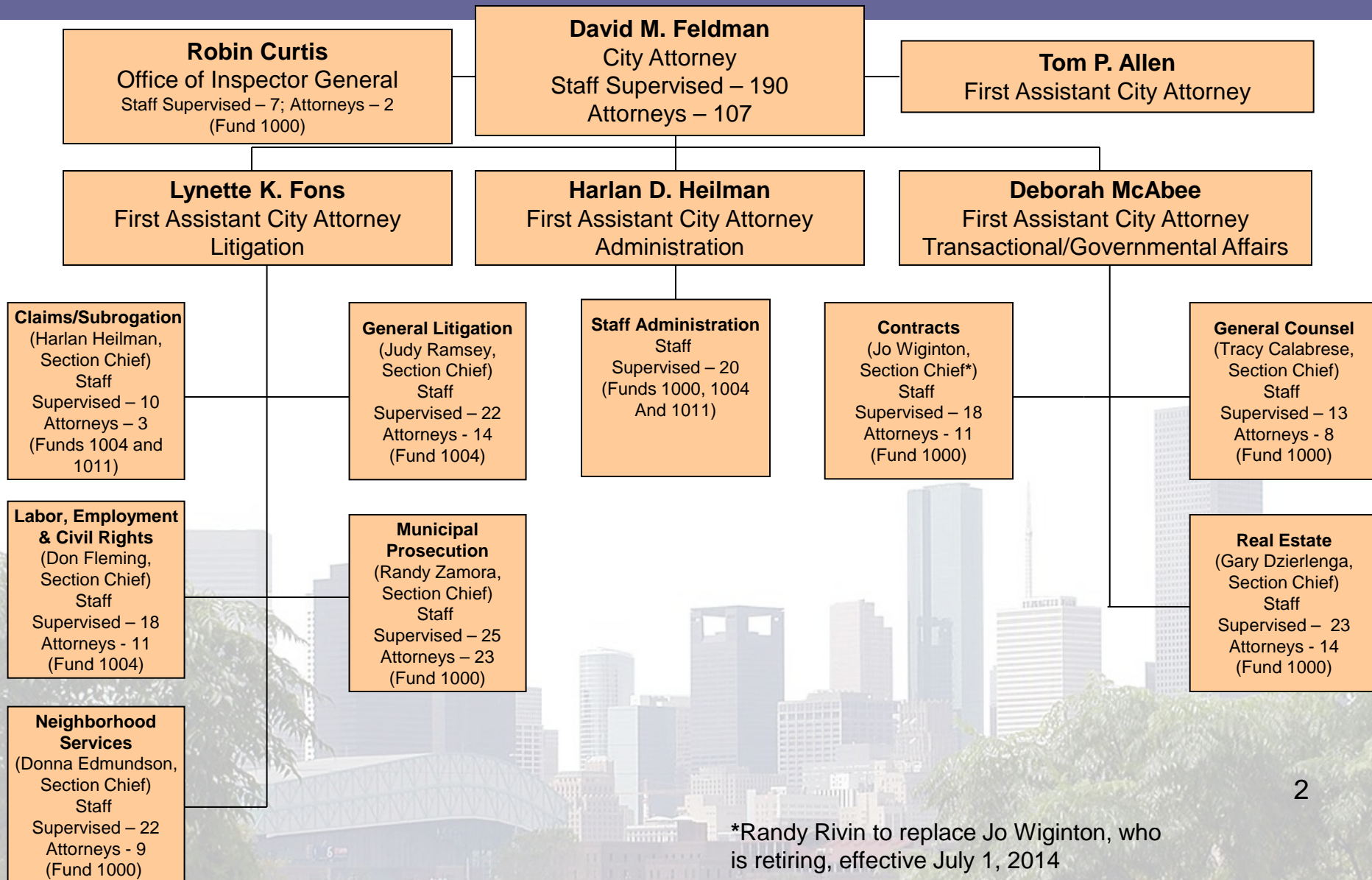


LEGAL DEPARTMENT BUDGET REPORT TO BUDGET & FISCAL AFFAIRS COMMITTEE

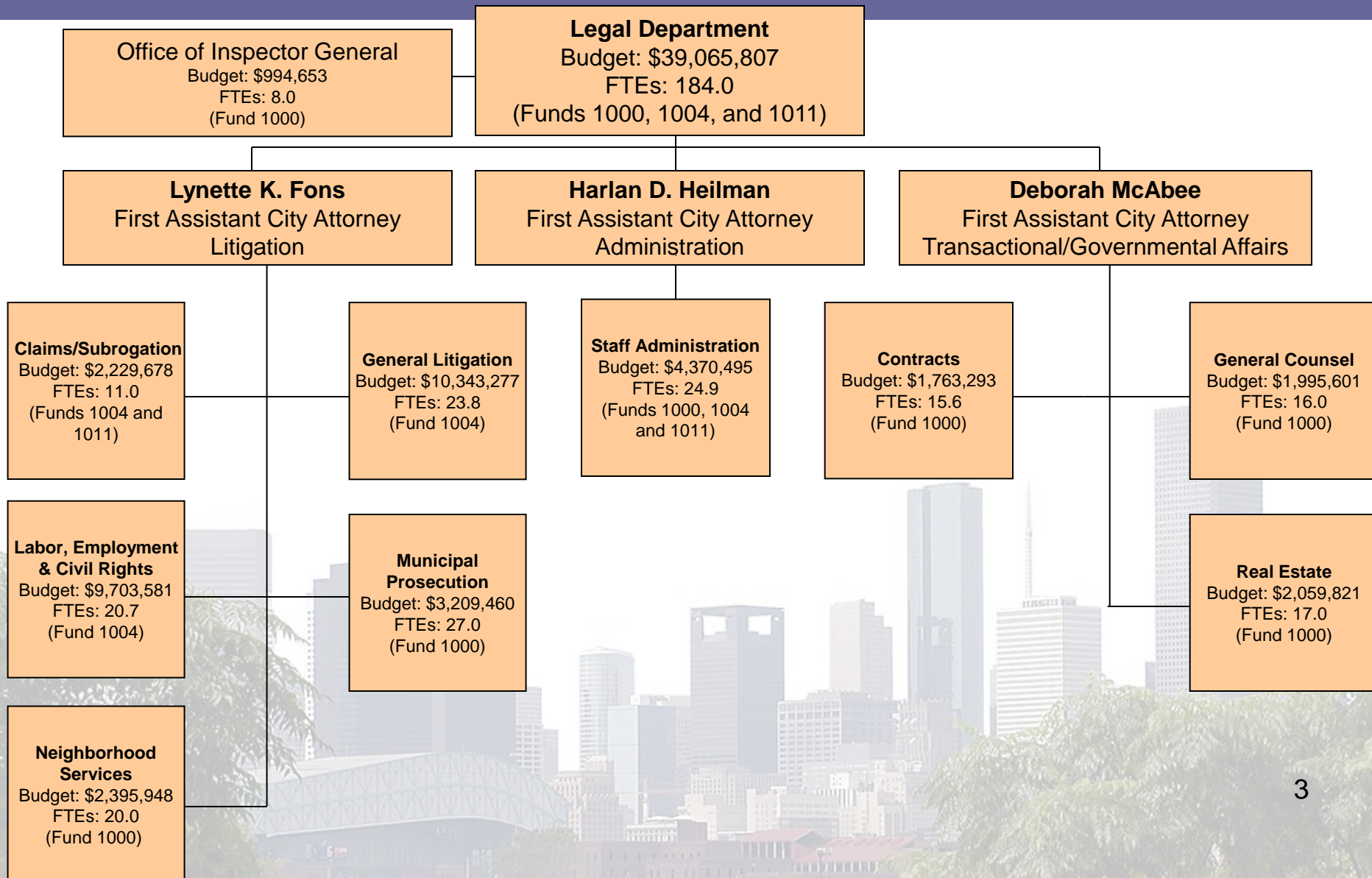
**Prepared and Presented By:
David M. Feldman
City Attorney**

May 27, 2014

LEGAL DEPARTMENT ORGANIZATION CHART



LEGAL DEPARTMENT BUDGET SUMMARY BY SECTION – ALL FUNDS



LEGAL DEPARTMENT

BUDGET SUMMARY – ALL FUNDS

(in millions)

Fund	Revenue FY14 Budget*	Revenue FY15 Proposed*	+/- \$/%	Expenditure FY14 Budget	Expenditure FY15 Proposed	+/- \$/%	Fund Balance FY14 Budget	Fund Balance FY15 Prop.
General Fund 1000	\$1.27	\$1.24	(\$.03) (2.4%)	\$15.23	\$16.49	\$1.26 8.3%	\$0	\$0
Property & Casualty Fund 1004	\$21.61	\$22.34	\$.73 3.4%	\$21.61	\$22.34	\$.73 3.4%	\$0	\$0
Worker's Compensation Fund 1011	n/a	n/a	n/a	\$.32	\$.23	(\$.09) (28.1%)	n/a	n/a
Total	\$22.88	\$23.58	\$.70 3.1%	\$37.16	\$39.06	\$1.90 5.1%	\$0	\$0

*The amount does not include recoveries by the Legal Department collected on behalf of the City or savings resulting from successfully defending litigation against the City (e.g. Trail Enterprises). Comprised primarily of funds received from other Departments to pay for Legal Department personnel dedicated to said Departments.

LEGAL DEPARTMENT

TOTAL REVENUES BY FUND

(in millions)

Fund Name/ Number	FY13 Budget	FY13 Actual	FY14 Budget	FY14 Estimate	FY15 Budget	+/- \$/% FY15 Bud./FY14 Est.
General Fund 1000	\$1.19	\$1.29	\$1.27	\$4.00	\$1.24	(\$2.76)/(69%)
Property & Casualty Fund 1004	\$21.15	\$11.77	\$21.61	\$21.61	\$22.34	\$0.73/3.38%
Total	\$22.34	\$13.06	\$22.88	\$25.61	\$23.58	(\$2.03)/(7.93%)

*FY14 Estimate includes W. R. Grace bankruptcy recovery. General Fund revenues exclude other recoveries/settlements obtained by the Legal Department on behalf of other City Departments which book these recoveries in their respective revenue accounts.

FY'14 - FY'15 REVENUE HIGHLIGHTS

- W.R. Grace bankruptcy recovery of \$2,737,994
- Tree destruction recoveries totaling \$675,000
- Miscellaneous recoveries in excess of \$1,800,000

LEGAL DEPARTMENT

TOTAL EXPENDITURES BY FUND

(in millions)

Fund	Revenue FY14 Budget	Revenue FY15 Proposed	+/- \$/%	Expenditure FY14 Budget	Expenditure FY15 Proposed	+/- \$/%	FTEs FY14 Budget	FTEs FY15 Prop.
General Fund 1000	\$1.27	\$1.24	(\$.03) (2.4%)	\$15.23	\$16.49	\$1.26 8.3%	120.6	127.5
Property & Casualty Fund 1004	\$21.61	\$22.34	\$.73 3.4%	\$21.61	\$22.34	\$.73 3.4%	52.4	54.5
Worker's Compensation Fund 1011	n/a	n/a	n/a	\$.32	\$.23	(\$.09) (28.1%)	3	2
Total	\$22.88	\$23.58	\$.70 3.1%	\$37.16	\$39.06	\$1.90 5.1%	176	184

FY'14 - FY'15 EXPENDITURE HIGHLIGHTS

- Budget provides for increase in health benefits, pension contribution and municipal employee pay increases
- Budget provides for retention of computer consulting expert to provide comprehensive analysis of the Legal Department's information technology which will improve financial and operational efficiencies including electronic record retention, eDiscovery and avoidance of spoliation claims

FY'15 INITIATIVES

- Continue to seek opportunities for proactive litigation to recover monies on behalf of the City
- Enhance collection of delinquent account receivables by utilizing multi-vendor collection contracts
- Continue to aggressively defend litigation filed against the City utilizing in-house litigators to the greatest extent possible
- Review all legislation filed during the 84th Legislative Session and aggressively oppose unfunded mandates impacting Houston and assist with the City's legislative agenda

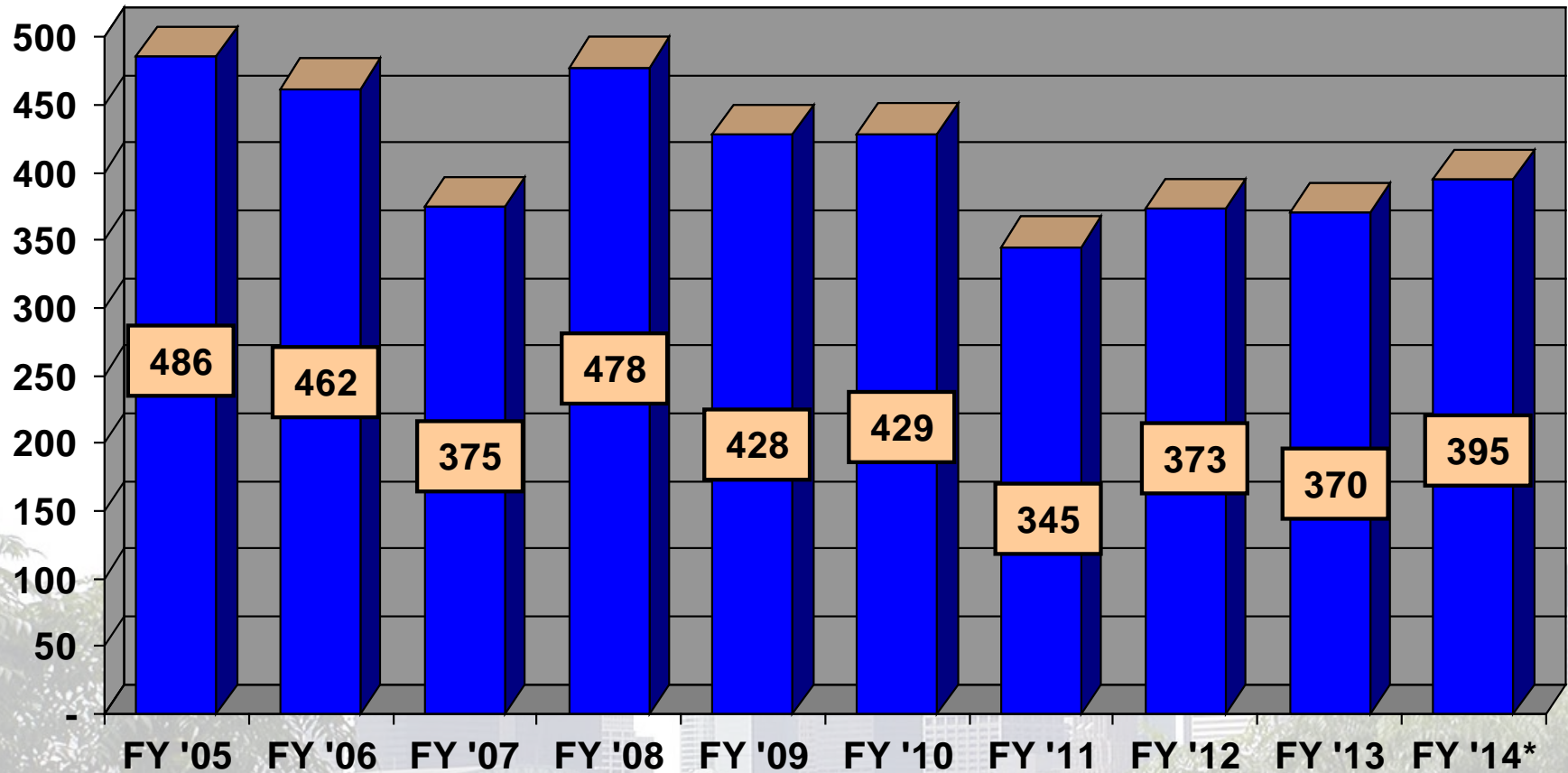
FY'15 INITIATIVES (Cont.)

- Charter amendments
- Continue to proactively focus on quality of life issues
 - Assist civic groups and individuals in protecting their neighborhoods;
 - Enforcement of deed restrictions;
 - Aggressively move to enjoin the operation of businesses that constitute public nuisances; and
 - Continue to address blight in neighborhoods and the unlawful activities of slumlords
- Continue to have earlier involvement of the Legal Department in the procurement processes; improve contracting methods to secure more favorable contract terms for the City; and actively participate in the contract negotiations with the unions that represent City employees

FY'15 INITIATIVES (Cont.)

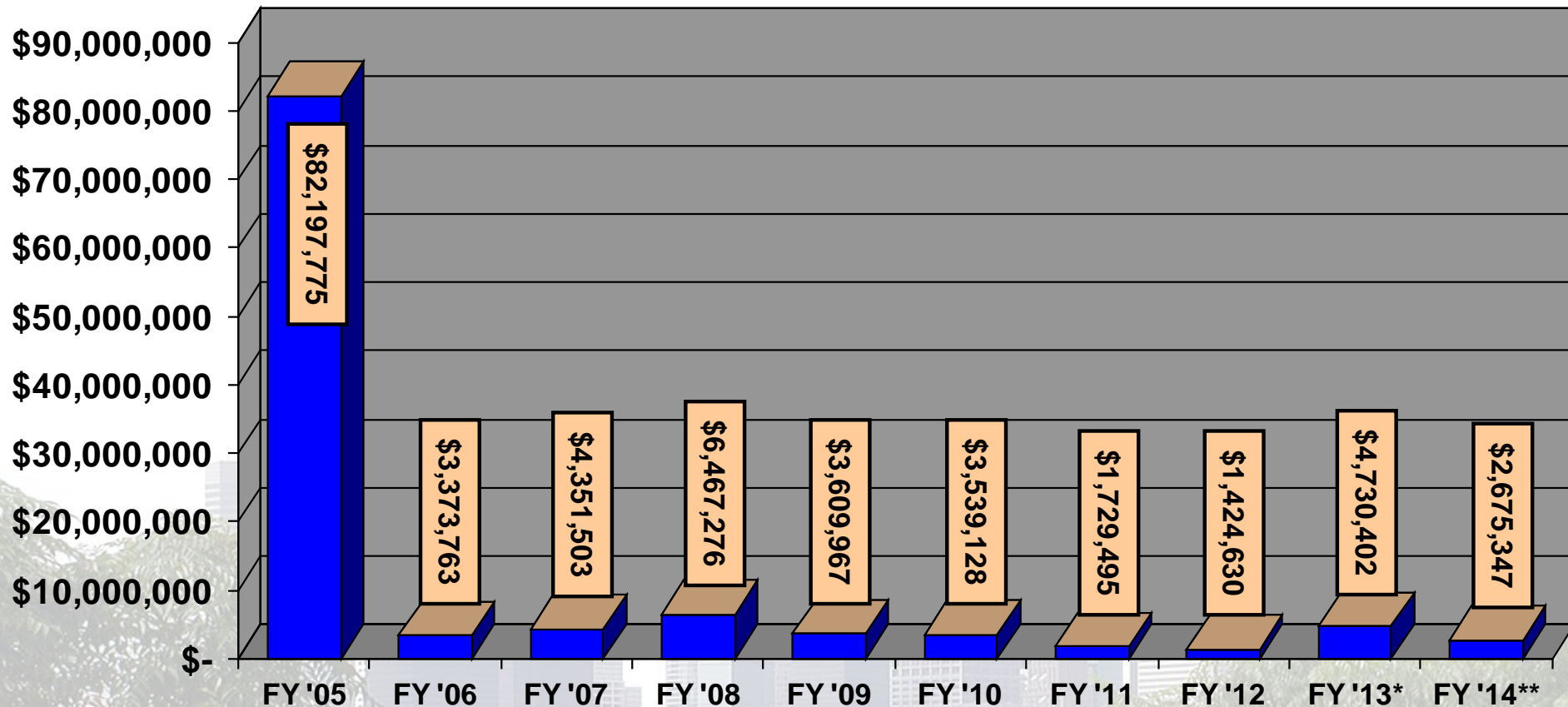
- Enhance intergovernmental working relationship with County Attorney's Office for the mutual benefit of City/County, as well as establish cooperative relationship with City Attorneys from New York, Los Angeles, Chicago, Phoenix, Philadelphia and District of Columbia
- Continue the transition to a paperless technology-oriented environment that will save on supply and archiving costs, as well as improve the efficiency of personnel in connection with accessing, retaining and retrieving electronic work files
- Hiring and retaining superior attorneys, enabling further reduction in the use of outside counsel

COMPARISON: NUMBER OF CLAIM AND LAWSUIT SETTLEMENTS PER FISCAL YEAR



*Annualized - Actual year to date as of March 2014 is 296

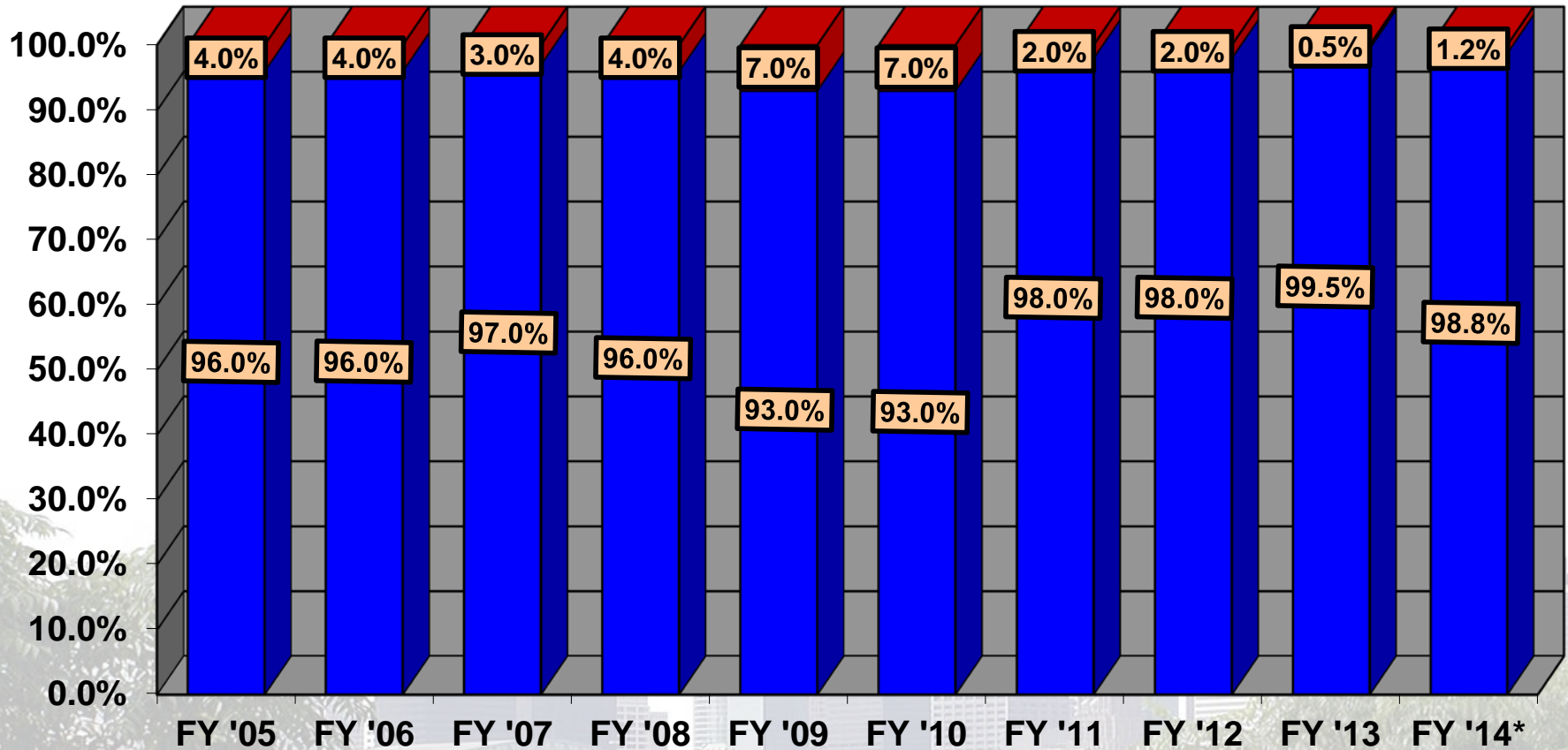
COMPARISON: CLAIM AND LAWSUIT SETTLEMENTS APPROVED PER FISCAL YEAR



*Amount includes \$3,000,000 relating to George Rodriguez wrongful conviction litigation and \$262,500 relating to the Jorge Medrano motor vehicle fatality litigation.

**Annualized – Actual year to date as of March 2014 is \$2,006,510.

COMPARISON: LAWSUITS HANDLED BY LEGAL DEPARTMENT VS. OUTSIDE COUNSEL PER FISCAL YEAR



Legal Department

Outside Counsel

*Fiscal year to date as of March 2014